

HOUSE BILL REPORT

ESSB 6737

As Reported by House Committee On: Finance

Title: An act relating to providing an exemption from property tax for aircraft used to provide air ambulance services.

Brief Description: Providing an exemption from property tax for aircraft used to provide air ambulance services.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Marr, Brown and McCaslin).

Brief History:

Committee Activity:

Finance: 2/24/10, 3/1/10 [DPA].

Brief Summary of Engrossed Substitute Bill (As Amended by House)

- Provides a property tax exemption and aircraft excise tax exemption for aircraft owned by a nonprofit that is used exclusively for emergency medical transportation services.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. Signed by 8 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Conway, Ericks, Santos and Springer.

Minority Report: Without recommendation. Signed by 1 member: Representative Condotta.

Staff: Susan Howson (786-7142).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Under current law and depending on the type of aircraft, aircraft are subject to either the property tax or the aircraft excise tax. General aviation aircrafts (all aircraft except those owned by the government or by commercial airlines) must pay the aircraft excise tax, but are exempt from the personal property tax. This tax, and in-lieu of property tax, consists of an annual fee based on the type of aircraft:

- single engine, fixed wing: \$50;
- small, multi-engine, fixed wing: \$65;
- large, multi-engine, fixed wing: \$80;
- turboprop, multi-engine, fixed wing: \$100;
- turbojet, multi-engine, fixed wing: \$125;
- helicopters: \$75; and
- sailplanes, lighter-than-air, and home-built: \$20.

Aircraft that are exempt from the aircraft excise tax and operate in an airplane company, which transports people or property for compensation, are subject to personal property tax.

Summary of Amended Bill:

A property tax exemption and an aircraft excise tax exemption are provided for aircraft owned by a nonprofit exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) that is exclusively used to provide emergency medical transportation services.

The exemptions apply to excise taxes imposed or property taxes set for collection beginning in 2011 and thereafter.

Amended Bill Compared to Engrossed Substitute Bill:

Exemptions for private aircraft used exclusively for medivac flights from islands in Washington are eliminated. A tax application date is added to the bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This issue was brought forward by Inland Northwest Health Services in Spokane. From 1994 through 2007, Northwest MedStar did not pay personal property tax on their aircraft. However, the nonprofit organization was informed in 2009 that it would be

assessed the tax because there was no formal exemption for emergency medical aircraft in statute. Northwest MedStar provides medical transportation to anyone, regardless of their ability to pay. The bill has a nominal budget impact. It was amended on the Senate floor to allow medivac flights from the San Juan Islands. This addition is worth consideration. The San Juan Islands do not have direct medical access via land to hospitals. While the bill contains worthy exemptions, it does not go far enough since it doesn't cover all aircraft performing these valuable services. The proposed exemptions should not be limited to aircraft owned by nonprofit organizations and a private aircraft operator in the islands, but rather should include the aircraft of any operator in this state that has aircraft exclusively used for medical flights. Nonprofit entities like LifeCenter Northwest, the University of Washington Medical Center, Seattle Children's Hospital, or Sacred Heart Hospital rely on businesses like Executive Flight, Inc., a private organization, for transportation of critical care patients, as well as organ and tissue missions. The tax exemptions under this bill should be expanded to include all qualified aircraft operators that are dedicated to medical transportation services and medivac flights. This will create a level playing field among all air medical operators providing this valuable service.

(Opposed) None.

Persons Testifying: Senator Marr, prime sponsor; Donald Harter, Executive Flight Inc.; and Laurel Siddoway, Inland Northwest Health Services.

Persons Signed In To Testify But Not Testifying: None.